

Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-07 AID-05 OMB-01 TRSE-00

PRS-01 /025 W

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R 101044Z AUG 76

FM AMCONSUL BOMBAY

TO SECSTATE WASHDC 6663

INFO AMEMBASSY NEW DELHI

AMCONSUL CALCUTTA

AMCONSUL MADRAS

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EO 11652: NA

TAGS: BTIO BFOL IN

SUBJ: BOMBAY ELECTRIC SUPPLY AND TRANSPORT UNDERTAKING (BEST),
BOMBAY; BID FOR BUSES AND MACHINE SHOP EQUIPMENT

REF: BOMBAY 1760, 1666 AND 1546

1. REFTELS REPORTED ON BEST'S WORLD BANK-FINANCED TENDER FOR
SUPPLY OF 700 BUS CHASSIS AND MACHINE SHOP EQUIPMENT FOR EXPAN-
SION OF BOMBAY'S TRANSPORT SYSTEM. BID DEADLINES ARE SEPTEMBER 1
FOR BUS CHASSIS, AND NOVEMBER 1 FOR MACHINE SHOP EQUIPMENT.

2. DISCREET INFORMAL INQUIRIES WITH BEST INDICATE THAT TILL NOW
APPROXIMATELY THIRTY TENDER SETS HAVE BEEN SOLD. PROMINENT FIRMS
WHO PURCHASED BID DOCUMENTS INCLUDE SWEDISH VOLVO AND SAAB,
BRITISH LEYLAND, JAPANESE NISSAN, MITSUBISHI AND TOYADA, US
AMERICAN MOTORS AND FORD (THROUGH LOCAL AGENTS) AND WRIGHT TOOLS
CO. (FOR MACHINE SHOP EQUIPMENT). ALTHOUGH GENERAL MOTORS DID
NOT MAKE A DIRECT REQUEST, BEST SOURCE BELIEVES THAT ITS
AFFILIATE HINDUSTAN MOTORS, CALCUTTA, PURCHASED SIX SETS ON GM'S
BEHALF. THREE INDIAN CIVILIAN MANUFACTURERS OF BUS CHASSIS (TATA,
ASHOK-LEYLAND AND PREMIER MOTORS) AND JABALPUR VEHICLE FACTORY
OF INDIA'S MINISTRY OF DEFENSE PRODUCTION PRODUCING MILITARY
TRUCKS ALSO PURCHASED BID PAPERS. WE WERE INFORMED THAT AN INDIAN
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FIRM UNIMAC CORP IS PERSUADING WHITE MOTORS OF US TO PARTICIPATE

IN THE BID.

3. MARUTI HEAVY VEHICLES LTD, NEW DELHI, A FIRM IN WHICH PRIME MINISTER GANDHI'S SON SANJAY HOLDS INTEREST HAS ALSO BEEN SUPPLIED WITH TENDER FORMS "UNDER INSTRUCTION." MARUTI IS NEITHER BUS-CHASSIS PRODUCER, NOR IS KNOWN TO REPRESENT ANY MAJOR FOREIGN VEHICLE MANUFACTURER. BEST SOURCE WAS UNABLE TO IDENTIFY REASONS FOR MARUTI'S INTEREST IN THE BID. HOWEVER, AN AHMEDABAD BUSINESSMAN MR UPENDRA KHASGIWALE OF UNIMAC CORPORATION RECENTLY INFORMED US THAT, IN ANOTHER BID AT NEW DELHI, MARUTI HEAVY VEHICLES HAD QUOTED FOR INTERNATIONAL HARVESTER TURCK TRAILERS.

3. LOCAL POLITICIANS AND PRESS (PARTICULARLY TIMES OF INDIA) RECENTLY RAISED A CONTROVERSY ON WORLD BANK (WHICH IS FINANCING THE FLEET EXPANSION) LENDING TERMS BEING STIFF. AND LATER, ON CONDITIONS OF CREDIT AGREEMENT WHICH CALLED FOR UPWARD REVISION OF BUS TARIFF TO MEET PROJECT COST. IN THIS REGARD, BOMBAY MUNICIPAL COMMISSIONER B.G.DESHMUKH AND BOMBAY METROPOLITAN AUTHORITY VICE CHAIRMAN K.V.SESHADRI SCHEDULED TO VISIT WASHINGTON AUGUST 24 - SEPTEMBER 4 TO HOLD CONSULTATIONS WITH WORLD BANK. TO DETERMINE WHETHER CONTROVERSY LIKELY TO AFFECT THE BID, WE CONTACTED DR P.G.PATANKAR, DY. GENERAL MANAGER, BEST, WHO RECENTLY FINALIZED BID DETAILS WITH WORLD BANK OFFICIALS. PATANKAR CATEGORICALLY STATED THAT HE FORESEES NO REASON FOR THE TENDER BEING WITHDRAWN, OR WORLD BANK OFFER BEING DECLINED BY BEST. ACCORDING TO HIM, "EVEN NEW DELHI HAS TOLD LOCAL POLITICIANS TO TAKE WORLD BANK LOAN OR FORGET ABOUT BUS EXPANSION".

4. WE WOULD APPRECIATE COMMERCE CHECKING WITH AMERICAN MOTORS, FORD, GENERAL MOTORS, AND WHITE MOTORS WHETHER THEY ARE IN THE RUN FOR THIS BID. WE PLAN TO BE PRESENT ON TENDER OPENING DUE SEPTEMBER 1.
COURTNEY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 10 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: vogelfj
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BOMBAY02104
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760307-0674
From: BOMBAY
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760870/aaaacjcb.tel
Line Count: 94
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 BOMBAY 1760
Review Action: RELEASED, APPROVED
Review Authority: vogelfj
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUN 2004 by buchant0>; APPROVED <06 OCT 2004 by vogelfj>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BOMBAY ELECTRIC SUPPLY AND TRANSPORT UNDERTAKING (BEST), BOMBAY; BID FOR BUSES AND MACHINE SHOP EQUIPMENT
TAGS: BTIO, BFOL, IN
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006